

2008 GENERAL SESSION FISCAL NOTE WORKSHEET XI (Revised Jan. 2008)

Agency: UTAH STATE OFFICE OF EDUCATION

Bill Number HB 382 1st Substitute

TITLE OF BILL: FINANCING PUBLIC EDUCATION by Representative Merlynn T. Newbold

Requested by: Patrick Lee

Fax/Electronic Mail Transmittal To:

Office of the Legislative Fiscal Analyst
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Salt Lake City, UT 84114-5310
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Name: Patrick Lee

Date: February 27, 2008

Fax Number: _____

Please return to Fiscal Analyst by: February 28, 2008

This Bill Takes Effect: ☐ On passage ☐ On July 1 ☐ 60 Days after session ☒ Other 1/1/2009

Bill Carries Own Appropriation: ☐ 1/1/2008

FISCAL IMPACT OF PROPOSED LEGISLATION

	FY 2008 Supp.	FY 2009	FY 2010
A. REVENUE IMPACT BY SOURCE OF FUNDS			
1. General Fund			
2. Uniform School Fund - Education Fund		\$98,000,000	\$98,000,000
3. Transportation Fund			
4. Collections			
5. Other Funds (List Below)			
6 Local Funds			
7. TOTAL	\$ -	\$ 98,000,000	\$ 98,000,000

B. EXPENDITURE IMPACT:

By Source of Funds			
1. General Fund			
2. General Fund, One Time			
3. Uniform School Fund - Education Fund			
3. Transportation Fund			
4. Collections			
5. Other Funds (List Below)			
6. Local Funds			
7. TOTAL	\$ -	\$ -	\$ -
By Expenditure Category			
1. Salaries, Wages and Benefits			
2. Travel			
3. Current Expenses			
4. D.P. Current Expenses			
5. Capital Outlay			
6. D.P. Capital Outlay			
7. Other (Specify) <u>Minimum School Program</u>		\$98,000,000	\$98,000,000
8. TOTAL	\$ -	\$ 98,000,000	\$ 98,000,000

C. IMPACT IN FUTURE YEARS?

If no fiscal impact in the first two years, indicate any impact in future years, and explain. Also, indicate any significant changes in fiscal impact beyond the first two years. (Use back side, or attachment, if necessary.)

Cathy Dudley
Prepared By

MSP Budget and Property Tax Specialist - USOE
Title

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Phone #

February 27, 2008
Date

D. Identify Sections of the Bill That Will Generate the Additional Workload or Cost Increase

E. Expenditure Impact Details (Ties to totals in Section C)

List and document methodology and/or assumptions used in determining need for workload and cost increase.

List number, type, and step ranges of personnel required, including benefits.

List details of other impacted expenditure categories as shown in Section C.

List additional space requirements and cost associated with requirements of this bill.

(USE ATTACHMENTS IF NECESSARY.) This bill changes the minimum basic tax rate to 0.001720 per dollar of taxable value -- the basic rate is currently set at 0.001311 for FY08 -- for FY09 it is estimated to be 0.001250. As the attached spreadsheets show, by increasing that basic rate, there could be an increase in local property tax revenue of approximately \$98 million. (Look at column 6 total amount in both of these spreadsheets and take the difference. One spreadsheet shows the calculation at 0.001250 and the other one at 0.001720.) Increasing the property tax revenue would require less Uniform School Fund revenue.

This bill eliminates the requirement that school districts generate a certain dollar amount of basic rate statewide revenues. This bill also adjusts the certified tax rate for school districts.

Lines 1004-1006 stipulate for taxable years beginning on or after January 1, 2008, and ending on or before December 31, 2011, a fiscal year taxing entity may not levy a tax rate that exceeds the fiscal year taxing entity's certified tax rate.

This bill eliminates the following taxes being levied by school districts: recreation, capital outlay, voted capital, judgment levy, special transportation, voted and board leeways, Public Law 874, 10% of Basic, K-3 Board Leeway, and tort liability. In addition, on lines 275-278 and lines 288-291 repeals the authority for school districts to bond. This bill is silent on changing the debt service levy.

The bill does implement a local school board tax not to exceed a tax rate that would generate an amount equal to the school district's property tax increment (which is an amount equal to the difference between the amount of revenue generated from the repeal of the above-mentioned taxes and new growth and the amount of revenue equal to the difference of an amount of revenue generated within the school district by the imposition of the basic tax rate during the taxable year beginning on January 1, 2008, and the estimated amount of revenue generated within the school district by the imposition of the basic tax rate during taxable year beginning on January 1, 2009.)

The local school board tax must be presented to the voting public to get their opinion as to whether or not the school district should impose this tax. Beginning January 1, 2011, a local school board may levy a tax to fund the school district's general fund.

F. No Fiscal Impact or Will Not Require Additional Appropriations?

Specify why this bill will have no fiscal impact on your agency or institution.

Specify how you will reallocate workloads, resources, or funding sources to eliminate need for additional appropriations. (USE ATTACHMENTS IF NECESSARY.)

G. If Bill Carries Its Own Appropriation:

Indicate if the amount appropriated is adequate to meet the purposes of the bill.

Are there future additional costs anticipated beyond the appropriation in the bill?

H. Impact on Local Governments, Businesses, Associations, and Individuals

Specify requirements in the bill that drive the impact on local governments.

*Indicate costs or savings that are **DIRECT and MEASURABLE**. If direct and measurable data are not available, are there areas that potentially could have a fiscal impact? (USE ATTACHMENT IF NECESSARY.)*

Local Governments:

The repeal of the bonding authority would have a great impact on school districts as there would not be enough funding to build new schools.

Businesses and Associations:

Individuals:

This is a draft fiscal note response from the Utah State Office of Education (USOE) and may be revised in the future.

This fiscal note input draft does not imply endorsement of this bill by the State Board of Education or USOE.